

Message Text

LIMITED OFFICIAL USE

PAGE 01 EC BRU 01484 131018Z

21

ACTION STR-04

INFO OCT-01 STRE-00 ISO-00 AF-06 ARA-06 EA-07 EUR-12

NEA-10 IO-11 FEA-01 AGR-05 CEA-01 CIAE-00 COME-00

DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 ITC-01

TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 XMB-02 /135 W

----- 067847

P R 130917Z FEB 76

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC PRIORITY 514

INFO ALL EC CAPITALS 1676

LIMITED OFFICIAL USE EC BRUSSELS 01484

PASS STR ELECTRONICALLY

E.O. 11652: NA

TAGS: ETRD EAGR MTN EEC

SUBJECT: US/EC COMMISSION BILATERAL CONSULTATIONS ON TROPICAL
PRODUCTS IN THE MULTILATERAL TRADE NEGOTIATIONS (MTN)

REF: STATE 34054

1. BEGIN SUMMARY: IN THE BILATERAL US/EC COMMISSION CONSULTATIONS
ON TROPICAL PRODUCTS, THE US REPRESENTATIVES OUTLINED THE US APP-
ROACH TO ITS OFFER, EMPHASIZED THE IMPORTANCE OF MFN CONCESSIONS,
DISCOURAGED THE RESORT TO GSP IN THE TROPICAL PRODUCTS EXERCISE
AND STRESSED THE POLITICAL PROBLEMS OF AN EC CONCESSION ON TOBACCO
VIA GSP. THE COMMISSION SAID IT WOULD SEEK LDC CONTRIBUTIONS,
BUT ONLY LATER IN THE NEGOTIATIONS. THE COMMUNITY IS NOT OFFERING
TO CONSULT WITH LDCS ON DECREASES IN THE MARGIN OF PREFERENCE.
THE CONSULTATIONS WILL CONTINUE ON FEBRUARY 13. END SUMMARY.

2. US REPS MET ON FEBRUARY 12 WITH PHAN VAN PHI AND TRAN VAN THINK
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 EC BRU 01484 131018Z

OF THE EC COMMISSION TO DISCUSS GENERAL STRATEGIES IN THE TROPICAL

PRODUCTS GROUP. AT THE OUTSET, US REP LANDE OUTLINED THE US APPROACH TO TROPICAL PRODUCTS, INCLUDING THE US POSITION THAT LDC CONTRIBUTIONS WERE NECESSARY TO THE TROPICAL PRODUCTS PACKAGE. HE ILLUSTRATED EXAMPLES OF THE TYPE OF CONCESSION WE MIGHT SEEK, DRAWING ON PREPARATORY WORK UNDER WAY IN WASHINGTON.

3. THE EC TOOK NOTE OF THIS POSITION BUT EXPLAINED THAT THE NATURE OF THEIR CONCESSIONS WAS SUCH THAT THEY COULD NOT EXPECT RECIPROCITY IN TROPICAL PRODUCTS CONTEXT SINCE (A) GSP CONCESSIONS WERE NON-RECIPROCAL; (B) PRODUCTS SUCH AS PINE-APPLE JUICE AND BANANAS WERE NOT CONDUCIVE TO RECIPROCITY; (C) MEMBER STATES HAVE NO SPECIFIC IDEAS YET ON WHAT KIND OF CONTRIBUTION THEY WANT OTHER THAN IMPROVED CUSTOMS FORMALITIES. PHAN VAN PHI DIVIDED THE EC OFFER INTO THREE CATEGORIES: (1) REDUCTION AND MFN BINDING ON TWO PRINCIPAL PRODUCTS (UN-ROASTED COFFEE, COCOA BEANS); (2) BINDING OF CURRENT DUTY SUSPENSIONS AT CURRENT OR HIGHER LEVELS; AND (3) GSP CONCESSIONS. THE EC, HOWEVER, WAS ASKING FOR A FORM OF CONCESSION FOR MFN CUTS IN COFFEE AND COCOA. THE FOOTNOTE TO THE INTERNAL DESCRIPTION OF THESE CONCESSION STATES THAT THE OFFER IS CONDITIONAL ON SATISFACTORY OPERATION OF INTERNATIONAL (COFFEE AND COCOA) AGREEMENTS. WITH RESPECT TO THE BINDING OF CURRENT SUSPENDED DUTIES, PHAN VAN PHI STATED HE WOULD LOOK INTO THE POSSIBILITIES.

4. LANDE RAISED THE QUESTION OF THE INCREASED SECURITY FOR GSP DESCRIBED IN THE PREAMBLE OF THE COMMISSION'S PROPOSED TROPICAL PRODUCTS OFFER. SPECIFICALLY HE ASKED IF AN MFN REDUCTION IN THE MTN WOULD REDUCE THE VALUE OF GSP TREATMENT AND THEREFORE CALL FOR CONSULTATION WITH BENEFICIARIES. TRAN RESPONDED THAT THIS WAS DEFINITELY NOT INTENDED BY THE COMMISSION. THE COMMISSION WAS TRYING TO FORMALIZE WHAT WAS ALREADY OCCURRING INFORMALLY. CONSULTATIONS WOULD BE HELD ONLY IN THREE SITUATIONS: WHEN THE EC WAS CONSIDERING (1) ELIMINATING A PRODUCT FROM THE PREFERENCE SCHEME; (2) INCREASING THE GSP DUTY RATE; OR (3) DECREASING THE TARIFF QUOTAS UNDER THE GSP. THE US SHOULD NOT BE CONCERNED WITH THE BROADER LANGUAGE IN THE COMMISSION'S PROPOSAL SINCE THIS WAS AN INTERNAL DOCUMENT AND ITS TEXT WOULD NOT BE USED AS NEGOTIATING LANGUAGE WITH THE LDCS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 EC BRU 01484 131018Z

5. SUBSEQUENT TO THIS DISCUSSION, THE US STATED ITS VIEW THAT GSP OFFERS IN THE MTN IN GENERAL AND IN THE TROPICAL PRODUCTS GROUP SPECIFICALLY WERE NOT CONSISTENT WITH THE TOKYO DECLARATION. IN ADDITION, THE US NOTED THAT A NUMBER OF THE PRODUCTS ON WHICH THE EC WAS CONSIDERING MAKING GSP OFFERS HAD NOT BEFORE BEEN CONSIDERED TROPICAL, AND THAT SEVERAL OF THE PRODUCTS TREATED IN THIS MATTER REOPENED OLD DEBATES (READ TOBACCO AND CITRUS). (TOBACCO IS DISCUSSED IN FURTHER DETAIL IN PARAGRAPH 7 BELOW.)

THE US MADE THE POINT THAT ITS OFFER WAS BEING MADE ON AN MFN BASIS ON PRODUCTS PRINCIPALLY SUPPLIED BY DEVELOPING COUNTRIES, AND THUS NO DEVELOPED COUNTRY WOULD BE HURT.

6. PHAN VAN PHI RESPONDED THAT IT WAS DANGEROUS TO RAISE THE QUESTION OF THE DEFINITION OF TROPICAL PRODUCTS AND INDICATED THAT AFTER ALL THE PURPOSE OF THE EC PROPOSAL IN THE TROPICAL PRODUCTS EXERCISE WAS TO DO SOMETHING ESPECIALLY FAVORABLE TO THE LDCS, I.E., DISCRIMINATE IN THEIR FAVOR. WE DISAGREED, CITING THE ARGUMENTS ABOVE, AND INDICATED THAT MUCH COULD BE DONE, FOR EXAMPLE, ON AN MFN BASIS IN BTN CHAPTERS 25 TO 99, E.G., TROPICAL HARD WOODS, VENEERS, AND PLYWOOD, WHERE THE LDCS WOULD BE THE DIRECT BENEFICIARIES AND US EXPORTERS WOULD NOT BE HARMED. THE US REPS FURTHER NOTED THAT THE TRADE COVERAGE OF PRODUCTS OF DIRECT INTEREST TO LDCS IN OUR MFN OFFER IS IN EXCESS OF \$1 BILLION, WITHOUT COUNTING GSP.

7. USEC'S ASSISTANT AGRICULTURAL ATTACHE JOINED IN THE DISCUSSION ON TOBACCO. THE US SIDE DREW ON THE SUGGESTIONS IN SECRETARY BUTZ' LETTER TO AMBASSADOR DENT FOR RESOLVING THE PROBLEM AND URGED THE COMMISSION NOT TO PROCEED WITH THE PROPOSED EXPANSION OF THE EC'S GSP FOR TOBACCO. IF THE EC COULD NOT AGREE, THE US REQUESTED THE COMMUNITY TO MAKE A FIRM COMMITMENT TO EXTEND EQUIVALENT REDUCTIONS TO THE UNITED STATES IN THE MTN. THE US PARTICULARLY WANTED A SOLUTION WHICH WOULD AVOID REOPENING A CONTENTIOUS AGRICULTURE ISSUE OVER OUR THIRD LARGEST COMMODITY EXPORT.

8. PHAN VAN PHI REPLIED THAT IN VIEW OF MEMBER STATE OPPOSITION, IT WAS NOT CERTAIN THAT TOBACCO WOULD REMAIN ON THE LIST. TRAN ARGUED THAT EVEN IF IT WERE THE US WOULD NOT BE HURT BY THE TOBACCO CONCESSION SINCE THE US EXPORTS MUCH HIGHER-QUALITY THAN DO THE LDCS. THE US SIDE REFUTED THAT CONTENTION BY POINTING OUT LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 EC BRU 01484 131018Z

THE INCREASED COMPETITIVENESS OF LDC TOBACCO AND THE INTERCHANGEABILITY OF VARIOUS GRADES DEPENDING ON PRICE. TRAN SUGGESTED ON A PERSONAL BASIS THAT THE US SHOULD INDICATE THE MODIFICATIONS IN THE EC'S GSP OFFER WHICH WOULD MAKE IT MORE PALATABLE. LANDE PROMISED TO RELAY THE MESSAGE TO WASHINGTON BUT HELD LITTLE HOPE IT WOULD BE ACCEPTED SINCE THE GATT TOBACCO CONCESSION IS OF GREAT IMPORTANCE TO THE US.

9. WE ACCEPTED PHAN VAN PHI'S SUGGESTION THAT THE CONSULTATIONS RECOMMENCE FEBRUARY 13 AT 6:30 PM LOCAL TIME.
MORRIS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TROPICAL PRODUCTS, LESS DEVELOPED COUNTRIES, DIPLOMATIC DISCUSSIONS, TARIFF CONCESSIONS, GENERALIZED PREFERENCES (TARIFFS)
Control Number: n/a
Copy: SINGLE
Draft Date: 13 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976ECBRU01484
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760055-0382
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760252/aaaabtca.tel
Line Count: 165
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 STATE 34054
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 26 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 MAR 2004 by ElyME>; APPROVED <01 JUL 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: US/EC COMMISSION BILATERAL CONSULTATIONS ON TROPICAL PRODUCTS IN THE MULTILATERAL TRADE NEGOTIATIONS (MTN)
TAGS: ETRD, EAGR, US, EEC, MTN
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006